

**Fill in this information to identify the case:**

Debtor name PONDEROSA ENERGY LLC  
United States Bankruptcy Court for the: SOUTHERN District of NY  
(State)  
Case number (if known): 17-13484-SHL

☐ Check if this is an amended filing

**Official Form 207**

**Statement of Financial Affairs for Non-Individuals Filing for Bankruptcy**

04/16

The debtor must answer every question. If more space is needed, attach a separate sheet to this form. On the top of any additional pages, write the debtor's name and case number (if known).

**Part 1: Income**

**1. Gross revenue from business**

☐ None

Identify the beginning and ending dates of the debtor's fiscal year, which may be a calendar year

**Sources of revenue**  
Check all that apply

**Gross revenue**  
(before deductions and exclusions)

**From the beginning of the fiscal year to filing date:** From 1/1/2017 to Filing date  
MM / DD / YYYY

☒ Operating a business  
☐ Other \_\_\_\_\_

\$ 686,552

**For prior year:** From 1/1/2016 to 12/31/2016  
MM / DD / YYYY MM / DD / YYYY

☒ Operating a business  
☐ Other \_\_\_\_\_

\$ 579,474

**For the year before that:** From \_\_\_\_\_ to \_\_\_\_\_  
MM / DD / YYYY MM / DD / YYYY

☐ Operating a business  
☐ Other \_\_\_\_\_

\$ \_\_\_\_\_

**2. Non-business revenue**

Include revenue regardless of whether that revenue is taxable. *Non-business income* may include interest, dividends, money collected from lawsuits, and royalties. List each source and the gross revenue for each separately. Do not include revenue listed in line 1.

☐ None

**Description of sources of revenue**

**Gross revenue from each source**  
(before deductions and exclusions)

**From the beginning of the fiscal year to filing date:** From 1/1/2017 to Filing date  
MM / DD / YYYY

Hedging

\$ 155,726

**For prior year:** From 1/1/2016 to 12/31/2016  
MM / DD / YYYY MM / DD / YYYY

Hedging

\$ 368,593

**For the year before that:** From \_\_\_\_\_ to \_\_\_\_\_  
MM / DD / YYYY MM / DD / YYYY

\$ \_\_\_\_\_

Debtor PONDEROSA ENERGY LLC Case number (if known) 17-13484-SHL  
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**Part 2: List Certain Transfers Made Before Filing for Bankruptcy**

**3. Certain payments or transfers to creditors within 90 days before filing this case**

List payments or transfers—including expense reimbursements—to any creditor, other than regular employee compensation, within 90 days before filing this case unless the aggregate value of all property transferred to that creditor is less than \$6,425. (This amount may be adjusted on 4/01/19 and every 3 years after that with respect to cases filed on or after the date of adjustment.)

☐ None

Creditor's name and address	Dates	Total amount or value	Reasons for payment or transfer <i>Check all that apply</i>
3.1. Ponderosa TX Operating LLC Creditor's name 745 5th Ave., Ste 537 Street  New York NY 10151 City State ZIP Code	various	\$ 127,000	<input type="checkbox"/> Secured debt <input type="checkbox"/> Unsecured loan repayments <input type="checkbox"/> Suppliers or vendors <input type="checkbox"/> Services <input checked="" type="checkbox"/> Other Reimbursement to Operator
3.2.  Creditor's name  Street   City State ZIP Code		\$	<input type="checkbox"/> Secured debt <input type="checkbox"/> Unsecured loan repayments <input type="checkbox"/> Suppliers or vendors <input type="checkbox"/> Services <input type="checkbox"/> Other

**4. Payments or other transfers of property made within 1 year before filing this case that benefited any insider**

List payments or transfers, including expense reimbursements, made within 1 year before filing this case on debts owed to an insider or guaranteed or cosigned by an insider unless the aggregate value of all property transferred to or for the benefit of the insider is less than \$6,425. (This amount may be adjusted on 4/01/19 and every 3 years after that with respect to cases filed on or after the date of adjustment.) Do not include any payments listed in line 3. *Insiders* include officers, directors, and anyone in control of a corporate debtor and their relatives; general partners of a partnership debtor and their relatives; affiliates of the debtor and insiders of such affiliates; and any managing agent of the debtor. 11 U.S.C. § 101(31).

☐ None

Insider's name and address	Dates	Total amount or value	Reasons for payment or transfer
4.1. SEE ATTACHED SCHEDULE Insider's name  Street   City State ZIP Code		\$	
Relationship to debtor			
4.2.  Insider's name  Street   City State ZIP Code		\$	
Relationship to debtor			

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### 5. Repossessions, foreclosures, and returns

List all property of the debtor that was obtained by a creditor within 1 year before filing this case, including property repossessed by a creditor, sold at a foreclosure sale, transferred by a deed in lieu of foreclosure, or returned to the seller. Do not include property listed in line 6.

☐ None

Creditor's name and address	Description of the property	Date	Value of property
5.1. Creditor's name Street City State ZIP Code			\$
5.2. Creditor's name Street City State ZIP Code			\$

### 6. Setoffs

List any creditor, including a bank or financial institution, that within 90 days before filing this case set off or otherwise took anything from an account of the debtor without permission or refused to make a payment at the debtor's direction from an account of the debtor because the debtor owed a debt.

☐ None

Creditor's name and address	Description of the action creditor took	Date action was taken	Amount
Creditor's name Street City State ZIP Code			\$
Last 4 digits of account number: XXXX- _ _ _ _			

## Part 3: Legal Actions or Assignments

### 7. Legal actions, administrative proceedings, court actions, executions, attachments, or governmental audits

List the legal actions, proceedings, investigations, arbitrations, mediations, and audits by federal or state agencies in which the debtor was involved in any capacity—within 1 year before filing this case.

☐ None

Case title	Nature of case	Court or agency's name and address	Status of case
7.1. Case number		Name Street City State ZIP Code	<input type="checkbox"/> Pending <input type="checkbox"/> On appeal <input type="checkbox"/> Concluded
7.2. Case title Case number		Court or agency's name and address Name Street City State ZIP Code	<input type="checkbox"/> Pending <input type="checkbox"/> On appeal <input type="checkbox"/> Concluded

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#### 8. Assignments and receivership

List any property in the hands of an assignee for the benefit of creditors during the 120 days before filing this case and any property in the hands of a receiver, custodian, or other court-appointed officer within 1 year before filing this case.

☐ None

Custodian's name and address	Description of the property	Value
<div>Custodian's name</div> <div>Street</div> <div>City State ZIP Code</div>	<div></div> <div>Case title</div> <div>Case number</div> <div>Date of order or assignment</div>	<div>\$</div> <div>Court name and address</div> <div>Name</div> <div>Street</div> <div>City State ZIP Code</div>

#### Part 4: Certain Gifts and Charitable Contributions

#### 9. List all gifts or charitable contributions the debtor gave to a recipient within 2 years before filing this case unless the aggregate value of the gifts to that recipient is less than \$1,000

☐ None

Recipient's name and address	Description of the gifts or contributions	Dates given	Value
<div>9.1. Recipient's name</div> <div>Street</div> <div>City State ZIP Code</div> <div>Recipient's relationship to debtor</div>			\$
<div>9.2. Recipient's name</div> <div>Street</div> <div>City State ZIP Code</div> <div>Recipient's relationship to debtor</div>			\$

#### Part 5: Certain Losses

#### 10. All losses from fire, theft, or other casualty within 1 year before filing this case.

☐ None

Description of the property lost and how the loss occurred	Amount of payments received for the loss If you have received payments to cover the loss, for example, from insurance, government compensation, or tort liability, list the total received. List unpaid claims on Official Form 106A/B (Schedule A/B: Assets – Real and Personal Property).	Date of loss	Value of property lost
			\$

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**Part 6: Certain Payments or Transfers**

**11. Payments related to bankruptcy**

List any payments of money or other transfers of property made by the debtor or person acting on behalf of the debtor within 1 year before the filing of this case to another person or entity, including attorneys, that the debtor consulted about debt consolidation or restructuring, seeking bankruptcy relief, or filing a bankruptcy case.

☐ None

	Who was paid or who received the transfer?	If not money, describe any property transferred	Dates	Total amount or value
11.1.	Diamond McCarthy		12/1/17, 12/4/17	\$ 35,000
	<b>Address</b> 909 Fannin Street, 37th Floor Street Two Houston Center Houston Texas 77010 City State ZIP Code			
	<b>Email or website address</b>			
	<b>Who made the payment, if not debtor?</b> Ponderosa TX Operating LLC			

	Who was paid or who received the transfer?	If not money, describe any property transferred	Dates	Total amount or value
11.2.				\$
	<b>Address</b> Street City State ZIP Code			
	<b>Email or website address</b>			
	<b>Who made the payment, if not debtor?</b>			

**12. Self-settled trusts of which the debtor is a beneficiary**

List any payments or transfers of property made by the debtor or a person acting on behalf of the debtor within 10 years before the filing of this case to a self-settled trust or similar device.  
Do not include transfers already listed on this statement.

☐ None

Name of trust or device	Describe any property transferred	Dates transfers were made	Total amount or value
			\$
<b>Trustee</b>			

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Name

### 13. Transfers not already listed on this statement

List any transfers of money or other property—by sale, trade, or any other means—made by the debtor or a person acting on behalf of the debtor within 2 years before the filing of this case to another person, other than property transferred in the ordinary course of business or financial affairs. Include both outright transfers and transfers made as security. Do not include gifts or transfers previously listed on this statement.

☐ None

Who received transfer?	Description of property transferred or payments received or debts paid in exchange	Date transfer was made	Total amount or value
------------------------	--	------------------------	-----------------------

13.1. \_\_\_\_\_ \$ \_\_\_\_\_

#### Address

Street \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ ZIP Code \_\_\_\_\_

#### Relationship to debtor

\_\_\_\_\_

#### Who received transfer?

13.2. \_\_\_\_\_ \$ \_\_\_\_\_

#### Address

Street \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ ZIP Code \_\_\_\_\_

#### Relationship to debtor

\_\_\_\_\_

## Part 7: Previous Locations

### 14. Previous addresses

List all previous addresses used by the debtor within 3 years before filing this case and the dates the addresses were used.

☐ Does not apply

	Address	Dates of occupancy	
		From	To
14.1.	745 5th Ave. STE 537 Street	7/1/2016	present
	New York NY 10151 City State ZIP Code		
14.2.	15 Valley Drive Street	4/15/2015	6/30/2016
	Greenwich CT 06831 City State ZIP Code		

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**Part 10: Certain Financial Accounts, Safe Deposit Boxes, and Storage Units**

**18. Closed financial accounts**

Within 1 year before filing this case, were any financial accounts or instruments held in the debtor's name, or for the debtor's benefit, closed, sold, moved, or transferred?

Include checking, savings, money market, or other financial accounts; certificates of deposit; and shares in banks, credit unions, brokerage houses, cooperatives, associations, and other financial institutions.

☐ None

	Financial institution name and address	Last 4 digits of account number	Type of account	Date account was closed, sold, moved, or transferred	Last balance before closing or transfer
18.1.	Name _____ Street _____ City State ZIP Code	XXXX-____	<input type="checkbox"/> Checking <input type="checkbox"/> Savings <input type="checkbox"/> Money market <input type="checkbox"/> Brokerage <input type="checkbox"/> Other _____	_____	\$ _____
18.2.	Name _____ Street _____ City State ZIP Code	XXXX-____	<input type="checkbox"/> Checking <input type="checkbox"/> Savings <input type="checkbox"/> Money market <input type="checkbox"/> Brokerage <input type="checkbox"/> Other _____	_____	\$ _____

**19. Safe deposit boxes**

List any safe deposit box or other depository for securities, cash, or other valuables the debtor now has or did have within 1 year before filing this case.

☐ None

Depository institution name and address	Names of anyone with access to it	Description of the contents	Does debtor still have it?
Name _____ Street _____ City State ZIP Code	_____ _____ _____  Address _____ _____	_____ _____ _____ _____	<input type="checkbox"/> No <input type="checkbox"/> Yes

**20. Off-premises storage**

List any property kept in storage units or warehouses within 1 year before filing this case. Do not include facilities that are in a part of a building in which the debtor does business.

☐ None

Facility name and address	Names of anyone with access to it	Description of the contents	Does debtor still have it?
Name _____ Street _____ City State ZIP Code	_____ _____ _____  Address _____ _____	_____ _____ _____ _____	<input type="checkbox"/> No <input type="checkbox"/> Yes

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**Part 11: Property the Debtor Holds or Controls That the Debtor Does Not Own**

**21. Property held for another**

List any property that the debtor holds or controls that another entity owns. Include any property borrowed from, being stored for, or held in trust. Do not list leased or rented property.

☒ None

Owner's name and address	Location of the property	Description of the property	Value
Name			\$ _____
Street			
City State ZIP Code			

**Part 12: Details About Environmental Information**

For the purpose of Part 12, the following definitions apply:

- *Environmental law* means any statute or governmental regulation that concerns pollution, contamination, or hazardous material, regardless of the medium affected (air, land, water, or any other medium).
- *Site* means any location, facility, or property, including disposal sites, that the debtor now owns, operates, or utilizes or that the debtor formerly owned, operated, or utilized.
- *Hazardous material* means anything that an environmental law defines as hazardous or toxic, or describes as a pollutant, contaminant, or a similarly harmful substance.

Report all notices, releases, and proceedings known, regardless of when they occurred.

**22. Has the debtor been a party in any judicial or administrative proceeding under any environmental law?** Include settlements and orders.

- ☒ No  
☐ Yes. Provide details below.

Case title	Court or agency name and address	Nature of the case	Status of case
Case number	Name		<input type="checkbox"/> Pending
	Street		<input type="checkbox"/> On appeal
			<input type="checkbox"/> Concluded
	City State ZIP Code		

**23. Has any governmental unit otherwise notified the debtor that the debtor may be liable or potentially liable under or in violation of an environmental law?**

- ☒ No  
☐ Yes. Provide details below.

Site name and address	Governmental unit name and address	Environmental law, if known	Date of notice
Name	Name		
Street	Street		
City State ZIP Code	City State ZIP Code		

Debtor PONDEROSA ENERGY LLC Case number (if known) 17-13484-SHL  
Name

**24. Has the debtor notified any governmental unit of any release of hazardous material?**

- ☒ No  
☐ Yes. Provide details below.

Site name and address	Governmental unit name and address	Environmental law, if known	Date of notice
Name	Name		
Street	Street		
City State ZIP Code	City State ZIP Code		

**Part 13: Details About the Debtor's Business or Connections to Any Business**

**25. Other businesses in which the debtor has or has had an interest**

List any business for which the debtor was an owner, partner, member, or otherwise a person in control within 6 years before filing this case. Include this information even if already listed in the Schedules.

- ☐ None

Business name and address	Describe the nature of the business	Employer Identification number Do not include Social Security number or ITIN.
25.1. DND OIL INC. Name 745 5th Ave. STE 537 Street  NEW YORK NY 10151 City State ZIP Code	SHELL ENTITY. NO ASSETS.   	EIN: <u>8</u> <u>1</u> - <u>4</u> <u>6</u> <u>3</u> <u>6</u> <u>3</u> <u>6</u> <u>2</u> Dates business existed From <u>2016</u> To <u>2016</u>
25.2. BTX PRODUCTION INC. Name 745 5th Ave. STE 537 Street  NEW YORK NY 10151 City State ZIP Code	SHELL ENTITY. NO ASSETS.   	EIN: <u>8</u> <u>1</u> - <u>4</u> <u>6</u> <u>6</u> <u>0</u> <u>1</u> <u>5</u> <u>7</u> Dates business existed From <u>2016</u> To <u>2016</u>
25.3. Name Street  City State ZIP Code	   	EIN: _____ Dates business existed From _____ To _____

Debtor PONDEROSA ENERGY LLC Case number (if known) 17-13484-SHL  
Name

**26. Books, records, and financial statements**

26a. List all accountants and bookkeepers who maintained the debtor's books and records within 2 years before filing this case.

☐ None

Name and address	Dates of service
26a.1. <u>Ponderosa TX Operating LLC</u> Name <u>745 Fifth Ave., Suite 537</u> Street  <u>New York</u> <u>NY</u> <u>10151</u> City State ZIP Code	From <u>2016</u> To <u>2017</u>

Name and address	Dates of service
26a.2. _____ Name  _____ Street   _____ City State ZIP Code	From _____ To _____

26b. List all firms or individuals who have audited, compiled, or reviewed debtor's books of account and records or prepared a financial statement within 2 years before filing this case.

☐ None

Name and address	Dates of service
26b.1. <u>Lilling &amp; Company, LLP</u> Name <u>2 Seaview Boulevard</u> Street  <u>Port Washington</u> <u>NY</u> <u>11050</u> City State ZIP Code	From <u>2016</u> To <u>2017</u>

Name and address	Dates of service
26b.2. _____ Name  _____ Street   _____ City State ZIP Code	From _____ To _____

26c. List all firms or individuals who were in possession of the debtor's books of account and records when this case is filed.

☐ None

Name and address	If any books of account and records are unavailable, explain why
26c.1. <u>WolfePak Software, LLC</u> Name <u>2901 South First Street</u> Street  <u>Abilene</u> <u>TX</u> <u>79605</u> City State ZIP Code	   

Debtor PONDEROSA ENERGY LLC Case number (if known) 17-13484-SHL  
Name

**Name and address**

**If any books of account and records are unavailable, explain why**

26c.2.

Name  
Street  
City State ZIP Code

26d. List all financial institutions, creditors, and other parties, including mercantile and trade agencies, to whom the debtor issued a financial statement within 2 years before filing this case.

☐ None

**Name and address**

26d.1.

Name  
Street  
City State ZIP Code

**Name and address**

26d.2.

Name  
Street  
City State ZIP Code

**27. Inventories**

Have any inventories of the debtor's property been taken within 2 years before filing this case?

☐ No

☒ Yes. Give the details about the two most recent inventories.

**Name of the person who supervised the taking of the inventory**

**Date of inventory**

**The dollar amount and basis (cost, market, or other basis) of each inventory**

PHILIP GUNN

12/5/2017

\$ 99,840

**Name and address of the person who has possession of inventory records**

27.1.

Name  
PHILIP GUNN  
Street  
310 Pinehurst St.  
Borger TX 79007  
City State ZIP Code

Debtor PONDEROSA ENERGY LLC Case number (if known) 17-13484-SHL  
Name

Name of the person who supervised the taking of the inventory

Date of  
inventory

The dollar amount and basis (cost, market, or  
other basis) of each inventory

\$ \_\_\_\_\_

Name and address of the person who has possession of inventory records

27.2.

Name

Street

City

State

ZIP Code

28. List the debtor's officers, directors, managing members, general partners, members in control, controlling shareholders, or other people in control of the debtor at the time of the filing of this case.

Name

Address

Position and nature of any  
interest

% of interest, if any

Richard Sands

745 5th Ave., Ste 537, NY, NY 10151

manager

29. Within 1 year before the filing of this case, did the debtor have officers, directors, managing members, general partners, members in control of the debtor, or shareholders in control of the debtor who no longer hold these positions?

☐ No

☐ Yes. Identify below.

Name

Address

Position and nature of  
any interest

Period during which  
position or interest was  
held

From \_\_\_\_\_ To \_\_\_\_\_

From \_\_\_\_\_ To \_\_\_\_\_

From \_\_\_\_\_ To \_\_\_\_\_

From \_\_\_\_\_ To \_\_\_\_\_

30. Payments, distributions, or withdrawals credited or given to insiders

Within 1 year before filing this case, did the debtor provide an insider with value in any form, including salary, other compensation, draws, bonuses, loans, credits on loans, stock redemptions, and options exercised?

☐ No

☐ Yes. Identify below.

Name and address of recipient

Amount of money or  
description and value of  
property

Dates

Reason for  
providing the value

30.1. See Section 4.1

Name

Street

City

State

ZIP Code

Relationship to debtor

Debtor PONDEROSA ENERGY LLC Case number (if known) 17-13484-SHL  
Name

**Name and address of recipient**

30.2

Name

Street

City

State

ZIP Code

**Relationship to debtor**

31. Within 6 years before filing this case, has the debtor been a member of any consolidated group for tax purposes?

☒ No

☐ Yes. Identify below.

**Name of the parent corporation**

**Employer Identification number of the parent corporation**

EIN: \_\_\_\_\_ - \_\_\_\_\_

32. Within 6 years before filing this case, has the debtor as an employer been responsible for contributing to a pension fund?

☒ No

☐ Yes. Identify below.

**Name of the pension fund**

**Employer Identification number of the pension fund**

EIN: \_\_\_\_\_ - \_\_\_\_\_

**Part 14: Signature and Declaration**

**WARNING** -- Bankruptcy fraud is a serious crime. Making a false statement, concealing property, or obtaining money or property by fraud in connection with a bankruptcy case can result in fines up to \$500,000 or imprisonment for up to 20 years, or both. 18 U.S.C. §§ 152, 1341, 1519, and 3571.

I have examined the information in this *Statement of Financial Affairs* and any attachments and have a reasonable belief that the information is true and correct.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on 01/09/2018  
MM / DD / YYYY

x



Signature of individual signing on behalf of the debtor

Printed name RICHARD SANDS

Position or relationship to debtor MANAGER

Are additional pages to *Statement of Financial Affairs for Non-Individuals Filing for Bankruptcy* (Official Form 207) attached?

☐ No

☒ Yes

**Ponderosa Energy LLC**

Form 207

## Part 2: Transfers before Bankruptcy

## 4. Benefit to Insider

<b>Name and Address</b>	<b>Dates</b>	<b>Amount</b>	<b>Reason</b>	<b>Relationship</b>
Casimir Capital L.P. 15 Valley Drive Greenwich, CT 06831	Various Dates	\$8,999.14	Reimbursement for Travel	Common Ownership
Casimir Resource Advisors LLC 15 Valley Drive Greenwich, CT 06831	Various Dates	\$145,000.00	Payment for Services	Common Ownership
Ponderosa TX Operating LLC 745 Fifth Ave., Suite 537 New York, NY 10151	Various Dates	\$531,000.00	Reimbursement for Operations	Common Ownership
Ponderosa-State Energy LLC 745 Fifth Ave., Suite 537 New York, NY 10151	Various Dates	\$770,000.00	Debtor used as a conduit for investment	Common Ownership

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Main Document

**GLOBAL NOTES AND DISCLAIMER  
REGARDING DEBTORS' SCHEDULES AND STATEMENTS**

The Schedules of Assets and Liabilities and the Statement of Financial Affairs (collectively, the "Schedules and Statements") filed by Ponderosa Energy, LLC and GS Energy, LLC, as debtors and debtors in possession (together, the "Debtors"), in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), were prepared pursuant to section 521 of title 11, United States Code (the "Bankruptcy Code") and Rule 1007 of the Federal Rules of Bankruptcy Procedure, and are unaudited and based upon the information made available to Richard Sands, as the manager of the Debtors (the "Manager").

While the Manager has made a reasonable effort to ensure that the Schedules and Statements are accurate and complete based on information made available to him by the Debtors' employees, agents, consultants and professionals, inadvertent errors may exist and/or the subsequent receipt of information may result in material changes in financial and other data contained in the Schedules and Statements that may warrant amendment of the Schedules and Statements.

Moreover, because the Schedules and Statements contain unaudited information that is subject to further review and potential adjustment, there can be no assurance that these Schedules and Statements are complete and accurate. The Debtors and the Manager reserve the right to amend the Schedules and Statements from time to time as may be necessary or appropriate. These Global Notes and Disclaimer Regarding Debtors' Schedules and Statements (the "Global Notes") are incorporated by reference in, and comprises an integral part of, the Schedules and Statements and should be referred to and reviewed in connection with any review of the Schedules and Statements.

**1. Information Regarding Liabilities.** Except as otherwise noted, all asset and liability information is as of the date of filing the chapter 11 petitions. The Debtors and the Manager have made every reasonable effort to determine the amount of each Debtor's liabilities based on the information and research conducted in connection with the preparation of the Schedules and Statements.

**2. Amendments.** The Debtors and the Manager reserve their right to amend the Schedules and Statements in all respects at any time as may be necessary or appropriate, including, without limitation, the right to dispute or to assert offsets or defenses to any claim reflected on the Schedules and Statements as to amount, to liability, or to classification, or to otherwise subsequently designate any claim as "disputed," "contingent," or "unliquidated." Any failure to designate a claim as "contingent," "unliquidated," or "disputed" does not constitute an admission by the Debtors that such claim is not "contingent," "unliquidated," or "disputed."

**3. Estimates and Assumptions.** The preparation of the Schedules and Statements requires the Debtors to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities on the date of the Schedules and Statements, and the reported amounts of revenues and expenses during the reporting period. Actual results or recoveries could differ from those estimates.

**4. Unknown Amounts.** Some of the scheduled liabilities are unknown and unliquidated at this time. In such cases, the amounts are listed as “Unknown.” Accordingly, the Schedules and Statements do not accurately reflect the aggregate amount of the Debtor’s liabilities.

**5. Basis of Presentation.** These Schedules and Statements do not purport to represent financial statements prepared in accordance with Generally Accepted Accounting Principles (“GAAP”), nor are they intended to fully reconcile to any financial statements otherwise prepared and/or distributed by the Debtors.

**6. Asset Values.** It would be prohibitively expensive, unduly burdensome and time consuming to obtain current market valuations of the Debtors’ property interests, and potentially affirmative claims, if any. Accordingly, to the extent any asset value is listed herein, and unless otherwise noted therein, net book values rather than current market values of the Debtors’ property interests, if any, are reflected in the applicable Schedule or Statement.

**7. Setoff or Recoupment Rights.** Each Debtor has not included on its Schedule D parties that may believe their claims are secured through setoff rights, deposits posted by or on behalf of the Debtor or inchoate statutory lien rights. Such counterparties, if any and if known to the applicable Debtor, have been listed on Schedule F.

**8. Executory Contracts and Unexpired Leases/Schedule G.** While the Debtors and the Manager have made efforts to identify executory contracts and unexpired leases, the Debtors and the Manager do not believe that the Debtors are parties to any such contracts. Inadvertent errors or omissions may have occurred with respect to characterizing contracts and leases and as “executory contracts” and “unexpired leases” as such terms are used in the Bankruptcy Code. The Debtors and the Manager hereby reserve all of their rights to dispute the validity, status or enforceability of any contracts, agreements or leases the Debtors are parties to and to supplement Schedule G as necessary. Additionally, the Debtors are parties to agreements concerning real property including oil and gas leases which are not set forth on Schedule G, but instead set forth in Schedule A/B as real property. The failure to present a contract or agreement on Schedule G does not constitute an admission that such contract or agreement is not an executory contract or unexpired lease. The Debtors reserve all of their rights, claims and causes of action with respect to any contracts and agreements it is a party to, including the right to dispute or challenge the characterization or the structure of any transaction, document or instrument.

**9. Books and Records.** In preparing the Statements, the Manager relied entirely on the books and records maintained by the Debtors’ employees, consultants and professionals.